

# Memorandum

To: Panel Members Date: May 23, 2002

From: Charles Rufo, Manager  
Peter DeMauro, General Counsel Analyst: J. Daunt

Subject: One-Step Agreement for **Saint-Gobain Containers - Madera (HUA)**  
www.sgcontainers.com

## CONTRACTOR:

- Training Project Profile: Retraining companies with out-of-state competition  
Retraining: companies w/out-of-state competition  
Training in High Unemployment Areas of California
- Legislative Priorities: Promotion of California's Manufacturing Workforce ;  
Developed jointly by management and workers;  
Moving to a High Performance Workplace;  
Stimulating Exports/Imports
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 5,400
  - In California: 818
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union representing workers to be Trained: Glass Molders, Pottery, Plastics & Allied Workers  
International Union (AFL-CIO, CLC), Local Union No. 254;  
American Flint Glass Workers Union (AFL-CIO), Local Union No. 19

## CONTRACT:

- Program Costs: \$107,960
- Substantial Contribution: \$0
- Total ETP Funding: \$107,960
- In-Kind Contribution: \$220,000

- Reimbursement Method: Fixed-Fee
- County(ies) Served: Madera
- Duration of Agreement: 24 months

### **SUBCONTRACTORS:**

California Manufacturing and Technology Association (CMTA), Sacramento, California, not more than \$14,080, administration.

CCT Education, Marina Del Rey, California, not more than \$46,000, Continuous Improvement training.

### **THIRD PARTY SERVICES:**

California Manufacturing and Technology Association (CMTA) assisted in the development of this application at no cost to Saint-Gobain Containers.

### **NARRATIVE:**

The California Manufacturing Technology Association (CMTA) brought this project to the Panel.

The Madera plant of Saint-Gobain Containers, a division of Saint-Gobain Corporation, is eligible for ETP funding under Title 22, California Code of Regulations, Section 4416 (b) as a California manufacturer (as reflected in its Standard Industrial Classification (SIC) code) of glass and plastic bottles and containers for the food and beverage industries.

Saint-Gobain Containers traces its origins to the days of hand-blown glass in seventeenth-century France. In 1665, King Louis XIV commissioned the Manufacture Royale des Glaces which opened its first plant in the town of Saint-Gobain in the Aisne Region. In the eighteenth century, glass production grew to a more industrial scale.

Today, Saint-Gobain Corporation is one of the world leaders in glass container manufacturing. The company manufactures over 30 billion bottles and jars a year for the food, perfume and pharmacy industries. Products include 1) bottles and jars for the food and beverage industry, 2) bottles for the perfume and pharmaceutical sectors, and 3) plastics, including high-performance plastic pumps for packaging liquid hygienic and beauty products as well as household products.

Saint-Gobain Containers, the United States unit of the corporation, is an out growth of the acquisition of Ball Glass Corporation and Foster Forbes. Headquartered in Muncie, Indiana, Saint Gobain currently has three manufacturing facilities in California, located in Maywood, El Monte, and Madera. This application is for the Madera Plant, which primarily manufactures glass bottles for the wine industry.

Saint-Gobain Containers has made the conscious decision to move to a high performance work place, with a goal of becoming a world-class manufacturing operation. The first step taken by the company was to update the manufacturing equipment. New machinery and equipment is in the process of being purchased and installed at Saint-Gobain Containers' Madera plant. The company has therefore included Manufacturing Skills training as an important part of the curriculum, so that employees understand how to operate the equipment.

**NARRATIVE:** (continued)

Because company officials have determined that Manufacturing Skills training alone will not move the company significantly closer to high performance, a curriculum that also includes Continuous Improvement and Management Skills has been formulated. As part of the Continuous Improvement component, trainees will learn how to function more efficiently in teams, through Teambuilding. Continuous Improvement will also include Problem Solving, Decision Making, Motivation, Statistical Process Control (SPC), Leadership Skills for Frontline Workers, a small module of Computer Skills, and other skills designed to enable employees to be more productive, recognize problems in the production process, and come up with the solutions to fix those problems.

Because Saint-Gobain employees are often promoted internally to positions as managers and supervisors, based on their operating skills, they require training in leadership and management skills. The company has therefore included a comprehensive unit of Management Skills training, to be provided to Job 1 trainees (Supervisors and Managers) as part of the menu curriculum for this project.

Saint-Gobain of Madera is proposing a training program that consists of instruction in Manufacturing Skills, Continuous Improvement, and Management Skills with the overall goal of improving productivity at the Madera facility. The curriculum is formatted as a menu-type curriculum and is designed to efficiently provide training to 223 of the 320 employees who work at the company's Madera facility. With the advancement of technology and manufacturing processes, Saint-Gobain requires the implementation of a customized training program to be provided throughout the Madera facility, giving each employee additional skills necessary for the facility to become a high performance workplace.

**Supplemental Nature of Training**

The training in the application supplements, rather than displaces training funded through existing programs at Saint-Gobain Containers. Currently and historically, training has been limited and includes OSHA-mandated safety training, new hire orientation, basic job skills primarily in the form of on-the-job training, a few one time seminars for management staff, and the training provided in the apprenticeship program. Under no circumstances will ETP funds be used in any way to fund any part of the apprenticeship training provided at Saint-Gobain Containers in Madera. The apprenticeship program will continue outside of the ETP funded training. (See COMMENTS for details.)

In contrast to the on-going training, the current training proposal is for an in-depth training program that differs from current and past training, providing training in Manufacturing Skills, Continuous Improvement, and Management Skills. This customized training will be delivered to all shifts and all levels of the company in order to maximize the chances of success. The training program will involve a significant portion of the workforce at Saint-Gobain Containers – approximately two thirds of the employees at the Madera facility. In addition, those not included in the ETP funded training, including executives, will be trained at Saint-Gobain's expense.

The training included in the company's training plan is new to Saint-Gobain. Company officials report that the training budget at Madera, exclusive of wages, has been approximately \$10,000 per year, which, they add, is insufficient to accommodate the proposed training plan. For the two years following the ETP funded training, Saint-Gobain Containers expects to spend approximately \$30,000 per year for on-going training and implementation of this continuous improvement system, which is exclusive of wages. The total projected expenditure for the two years following ETP funded training will be \$60,000.

**In-Kind Contribution**

Saint-Gobain Containers in Madera estimates costs of \$200,000 for wages paid to trainees during training hours; and \$20,000 for training needs assessment and training materials (such as books and supplies). The total estimated employer contribution is \$220,000.

**COMMENTS:**

This application has received written support from the Glass Molders, Pottery, Plastics & Allied Workers International Union (AFL-CIO, CLC), Local Union No. 254; and the American Flint Glass Workers Union (AFL-CIO), Local Union No. 19.

Management Skills training will be provided to Managers and Supervisors only. Any Management Skills training provided to any trainee who is not a Manager or a Supervisor will not be funded by ETP.

**Apprenticeship**

Saint-Gobain Containers of Madera has a maintenance apprenticeship program which the company administers. Employees receive a journeyman card from the state. The program includes outside training during the four-year on-the-job training program. Currently there are no employees active in this program, because all current employees for which the program is applicable have completed it.

Saint-Gobain Containers of Madera also has a four-year operators apprenticeship program for the forming department, which the company administers. Employees receive a journeyman's card from the Glass Molders, Pottery, Plastics & Allied Workers International Union. Currently there are nineteen (19) employees active in this program.

The company's mold shop has one apprentice in its four-year program. He will receive a journeyman's card from the state.

The company's machine repair department currently has one apprentice in its two-year on-the-job training program.

As stated, none of this training is included in any way in the ETP curriculum.

**PROPOSED ACTION:**

Staff recommends that the Panel find Saint-Gobain Containers' application reasonable and approve this One-Step Agreement for the company's Madera plant if funding is available and the project meets Panel's priorities. Officials of Saint-Gobain Containers state that the training outlined in this proposal will provide employees at the company's Madera facility with the occupational skills needed to enable improvements in communication, productivity, and efficiency while moving the facility toward a high performance work environment.

**TRAINING PLAN:**

<b>Job Number / Trainee Type</b>	<b>Types of Training</b>	<b>Number to Retain</b>	<b>Number Class/Lab Videocnf. Hours</b>	<b>Number CBT Hrs</b>	<b>Number SOST Hrs.</b>	<b>Cost per Trainee</b>	<b>Hourly Wage after 90 days</b>
1-2 Retrainee	Manufacturing Skills Continuous Improvement Management Skills	223	Job 1: 40 Job 2: 32	0	Job 1: 0 Job 2: 8	1: \$520 2: \$480	\$13.40- \$38.50
					<b><u>Range of Hourly Wages</u></b>		
					\$13.40-\$38.50		
					<b><u>Prevalent Hourly Wage</u></b>		
					\$13.40		
					<b><u>Average Cost per Trainee</u></b>		
					\$484		
<b><u>Health Benefit used to meet ETP minimum wage:</u></b>					<b><u>Turnover Rate</u></b>	<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b>	
Although health benefits will not be used to meet ETP's minimum wage requirement, Saint-Gobain Containers - Madera, does provide them to all its employees.					1%	N/A	

## MENU CURRICULUM

### Saint-Gobain Containers

<u>HOURS</u>	
<u>Class/Lab</u>	<u>SOST Trainer</u>
32-40	160

Trainees will receive one or more of the following:

#### COURSE TITLE AND DESCRIPTION

- I. Manufacturing Skills (New Equipment)
  - Operating Procedures
  - Operate Production Equipment
  - Equipment Maintenance
  - Trouble Shooting
  - Resolving Production Problems
  - Automated Systems Operations
- II. Management Skills
  - Team Leadership
  - Coaching Principles
  - Effective Discipline
  - Communication Skills for Managers & Supervisors
  - Business Writing Skills for Managers & Supervisors
  - Conflict Resolution
  - Performance Principles
  - Change Management
  - Time Management
- III. Continuous Improvement Skills
  - Statistical Process Control (SPC)
  - Teambuilding
  - Quality Concepts
  - Production Operations
  - Process Improvement
  - Production Operations
  - Computer Skills
  - MS Office Programs
  - Decision Making
  - Problem Solving
  - Leadership Skills for Frontline Workers
  - Motivation
  - Conflict Resolution

## SOST CURRICULUM

## Saint-Gobain Containers – Madera

Type of Training: Manufacturing Skills  
Method of Training: Structured, On-Site Training

SOST trainers will observe, evaluate and coach trainees as they perform one or more of the following activities:

- Process orders
- Work proficiently and effectively
- Use hand tools
- Use mechanical and electronic equipment
- Check completed product for defects
- Repair defects
- Perform required maintenance

COMPENTENCY: Ability to operate machines and equipment effectively and Efficiently.

Management Skills training will be provided to Managers and Supervisors only. Any Management Skills training provided to any trainee who is not a Manager or a Supervisor will not be funded by ETP.